

MEMORANDUM

DEPARTMENT OF TRANSPORTATION

Chief Engineer's Office

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Date: July 6, 2012

To: Transportation Commissioners

From: Tim Harris

Subject: Accelerated Funding for Surface Treatment Projects

As the first piece of revising our financial management practices, we plan a discussion at your July workshops to review advancing some or all of the FY '14 Surface Treatment funding. A final decision is anticipated at your meeting in August, 2012.

The current funding plan for the Surface Treatment Program is \$114.5 million in FY '13 budget and \$173 million programmed in STIP for a two-year "program" of \$287.5 million. In comparison, the Deficit Report estimates a need of \$235.7 million to sustain our 48% Good/Fair condition status.

My recommendation is to advance the entire FY '14 program. The Regions would advertise the projects in late calendar year 2012 or the first quarter of calendar year 2013. Approximately one-third of the total program would be spent in FY '13.

Other alternatives include only advancing funds to reach the "Deficit Report" number (\$121 million) or only advancing 50% of the FY '14 programmed funds (\$86.5 million) as advancing and contracting funds reduces options for future decisions on the FY '14 budget allocations. I'd encourage a more bold approach to indicate our changing philosophy. This increased program can be delivered without significantly impacting Region staff or industry.